

1 **TITLE IV—UNITARY SAVINGS**  
2 **AND LOAN HOLDING COMPA-**  
3 **NIES**

4 **SEC. 401. PREVENTION OF CREATION OF NEW S&L HOLD-**  
5 **ING COMPANIES WITH COMMERCIAL AFFILI-**  
6 **ATES.**

7 (a) IN GENERAL.—Section 10(c) of the Home Own-  
8 ers' Loan Act (12 U.S.C. 1467a(c)) is amended by adding  
9 at the end the following new paragraph:

10 “(9) PREVENTION OF NEW AFFILIATIONS BE-  
11 TWEEN S&L HOLDING COMPANIES AND COMMERCIAL  
12 FIRMS.—

13 “(A) IN GENERAL.—Notwithstanding para-  
14 graph (3), no company may directly or indi-  
15 rectly, including through any merger, consolida-  
16 tion, or other type of business combination, ac-  
17 quire control of a savings association after May  
18 4, 1999, unless the company is engaged, di-  
19 rectly or indirectly (including through a sub-  
20 sidiary other than a savings association), only  
21 in activities that are permitted—

22 “(i) under paragraph (1)(C) or (2) of  
23 this subsection; or

1 “(ii) for financial holding companies  
2 under section 4(k) of the Bank Holding  
3 Company Act of 1956.

4 “(B) PREVENTION OF NEW COMMERCIAL  
5 AFFILIATIONS.—Notwithstanding paragraph  
6 (3), no savings and loan holding company may  
7 engage directly or indirectly (including through  
8 a subsidiary other than a savings association)  
9 in any activity other than as described in  
10 clauses (i) and (ii) of subparagraph (A).

11 “(C) PRESERVATION OF AUTHORITY OF  
12 EXISTING UNITARY S&L HOLDING COMPA-  
13 NIES.—Subparagraphs (A) and (B) do not  
14 apply with respect to any company that was a  
15 savings and loan holding company on May 4,  
16 1999, or that becomes a savings and loan hold-  
17 ing company pursuant to an application pend-  
18 ing before the Office on or before that date, and  
19 that—

20 “(i) meets and continues to meet the  
21 requirements of paragraph (3); and

22 “(ii) continues to control not fewer  
23 than 1 savings association that it con-  
24 trolled on May 4, 1999, or that it acquired  
25 pursuant to an application pending before

1 the Office on or before that date, or the  
2 successor to such savings association.

3 “(D) CORPORATE REORGANIZATIONS PER-  
4 MITTED.—This paragraph does not prevent a  
5 transaction that—

6 “(i) involves solely a company under  
7 common control with a savings and loan  
8 holding company from acquiring, directly  
9 or indirectly, control of the savings and  
10 loan holding company or any savings asso-  
11 ciation that is already a subsidiary of the  
12 savings and loan holding company; or

13 “(ii) involves solely a merger, consoli-  
14 dation, or other type of business combina-  
15 tion as a result of which a company under  
16 common control with the savings and loan  
17 holding company acquires, directly or indi-  
18 rectly, control of the savings and loan hold-  
19 ing company or any savings association  
20 that is already a subsidiary of the savings  
21 and loan holding company.

22 “(E) AUTHORITY TO PREVENT EVA-  
23 SIONS.—The Director may issue interpreta-  
24 tions, regulations, or orders that the Director  
25 determines necessary to administer and carry

1 out the purpose and prevent evasions of this  
2 paragraph, including a determination that, not-  
3 withstanding the form of a transaction, the  
4 transaction would in substance result in a com-  
5 pany acquiring control of a savings association.

6 “(F) PRESERVATION OF AUTHORITY FOR  
7 FAMILY TRUSTS.—Subparagraphs (A) and (B)  
8 do not apply with respect to any trust that be-  
9 comes a savings and loan holding company with  
10 respect to a savings association, if—

11 “(i) not less than 85 percent of the  
12 beneficial ownership interests in the trust  
13 are continuously owned, directly or indi-  
14 rectly, by or for the benefit of members of  
15 the same family, or their spouses, who are  
16 lineal descendants of common ancestors  
17 who controlled, directly or indirectly, such  
18 savings association on May 4, 1999, or a  
19 subsequent date, pursuant to an applica-  
20 tion pending before the Office on or before  
21 May 4, 1999; and

22 “(ii) at the time at which such trust  
23 becomes a savings and loan holding com-  
24 pany, such ancestors or lineal descendants,  
25 or spouses of such descendants, have di-

1 rectly or indirectly controlled the savings  
2 association continuously since May 4,  
3 1999, or a subsequent date, pursuant to  
4 an application pending before the Office on  
5 or before May 4, 1999.”.

6 (b) CONFORMING AMENDMENT.—Section  
7 10(o)(5)(E) of the Home Owners’ Loan Act (15 U.S.C.  
8 1467a(o)(5)(E)) is amended by striking “, except subpara-  
9 graph (B)” and inserting “or (c)(9)(A)(ii)”.

10 (c) RULE OF CONSTRUCTION FOR CERTAIN APPLICA-  
11 TIONS.—

12 (1) IN GENERAL.—In the case of a company  
13 that—

14 (A) submits an application with the Direc-  
15 tor of the Office of Thrift Supervision before  
16 the date of the enactment of this Act to convert  
17 a State-chartered trust company controlled by  
18 such company on May 4, 1999, to a savings as-  
19 sociation; and

20 (B) controlled a subsidiary on May 4,  
21 1999, that had submitted an application to the  
22 Director on September 2, 1998;  
23 the company (including any subsidiary controlled by  
24 such company as of such date of enactment) shall be  
25 treated as having filed such conversion application

1       with the Director before May 4, 1999, for purposes  
2       of section 10(c)(9)(C) of the Home Owners' Loan  
3       Act (as added by subsection (a)).

4               (2) DEFINITIONS.—For purposes of paragraph  
5       (1), the terms “company”, “control”, “savings asso-  
6       ciation”, and “subsidiary” have the meanings given  
7       those terms in section 10 of the Home Owners'  
8       Loan Act.